

# **VILLAGE OF SULLIVAN**

Sullivan, Wisconsin

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2018

# VILLAGE OF SULLIVAN

## TABLE OF CONTENTS As of and for the Year Ended December 31, 2018

---

	<u>Page(s)</u>
Independent Auditors' Report	i - ii
Required Supplementary Information	
Management's Discussion and Analysis	iii - x
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2 - 3
Fund Financial Statements	
Balance Sheet - Governmental Funds	4
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	5
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Statement of Net Position - Proprietary Fund	8
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	9
Statement of Cash Flows - Proprietary Fund	10
Statement of Assets and Liabilities - Agency Funds	11
Index to Notes to Financial Statements	12
Notes to Financial Statements	13 - 39
Required Supplementary Information	
Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	40 - 42
Schedule of Proportionate Share of the Net Pension (Asset)/Liability - Wisconsin Retirement System	43
Schedule of Employer Contributions - Wisconsin Retirement System	43
Notes to Required Supplementary Information	44
Supplementary Information	
Combining Statement of Assets and Liabilities - Agency Funds	45

## INDEPENDENT AUDITORS' REPORT

To the Village Board  
Village of Sullivan  
Sullivan, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Sullivan, Wisconsin, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village of Sullivan's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village of Sullivan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Village of Sullivan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Sullivan, Wisconsin, as of December 31, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Sullivan's basic financial statements. The combining statement as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement is fairly stated in all material respects, in relation to the basic financial statements as a whole.

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
May 21, 2019

# VILLAGE OF SULLIVAN

## MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED As of and for the Year Ended December 31, 2018

The management of the Village of Sullivan, Wisconsin (village) offers readers of the village's financial statements this narrative overview and analysis of the financial activities of the village for the fiscal year ending December 31, 2018. We encourage readers to consider the information presented here in conjunction with the village's financial statements.

---

### **FINANCIAL HIGHLIGHTS**

---

- > The total assets and deferred outflows of resources of the village, including the sewer utility, exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$4,373,002 (*net position*). Of this amount, \$2,165,268 (*unrestricted net position*) may be used to meet the government's obligations to citizens and creditors.
  - > The village's total net position, including the sewer utility, decreased by \$4,272.
  - > As of the close of the current fiscal year, the village's governmental funds reported combined ending fund balances of \$891,960, an increase of \$17,767 in comparison with the prior year.
  - > At the end of the current fiscal year, the village had nonspendable fund balance of \$17,595, restricted fund balance of \$47,407, and assigned fund balance of \$826,958. There was no unassigned fund balance as of December 31, 2018.
- 

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

---

This discussion and analysis is intended to serve as an introduction to the village's basic financial statements. The village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **GOVERNMENT-WIDE STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the village's finances, in a manner similar to a private – sector business.

The *Statement of Net Position* presents information on all of the village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the village is improving or deteriorating. To assess the overall health of the village you need to consider additional nonfinancial factors such as changes in the village's property tax base and the condition of the village's infrastructure.

The *Statement of Activities* presents information showing how the village's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

# VILLAGE OF SULLIVAN

## MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED As of and for the Year Ended December 31, 2018

---

### **OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)**

---

#### ***GOVERNMENT-WIDE STATEMENTS (cont.)***

Both of the government-wide financial statements distinguish functions of the village that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the village include general government; public safety; public works; leisure activities; and conservation and development. The business-type activities of the village include the sewer utility.

The government-wide financial statements can be found on pages 1 to 3 of this report.

#### ***FUND FINANCIAL STATEMENTS***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the village can be divided into three categories: governmental funds, proprietary funds, and agency funds.

*Governmental Funds* – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The village maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the fire department fund and debt service fund. The general fund and debt service fund are considered to be major funds. The fire department is a nonmajor fund.

The basic governmental fund financial statements can be found on pages 4 and 6 of this report.

# VILLAGE OF SULLIVAN

## MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED As of and for the Year Ended December 31, 2018

---

### OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

---

#### *FUND FINANCIAL STATEMENTS (cont.)*

*Proprietary Funds* – The village maintains one (1) proprietary fund – the Sewer Utility. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 8 to 10 of this report.

*Agency Funds* – Agency funds are used to account for resources held for the benefit of parties outside the government. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the village's own programs. The accounting used for agency funds is much like that used for proprietary funds.

The statement of assets and liabilities – agency funds can be found on page 11 of this report.

*Notes to the Financial Statements* – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 to 39 of this report.

*Other Information* – In addition to the basic financial statements and accompanying notes, *required supplementary information* presents the following: a detailed budgetary comparison schedule for the General Fund to demonstrate compliance with the budget, a schedule of the village's proportionate share of the net pension asset in the Wisconsin Retirement System, and a schedule of the village's contributions to the Wisconsin Retirement System. These schedules can be found on pages 40 to 43 of this report.

---

### FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

---

An analysis of the village's financial position begins with a review of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position. These two statements report the village's net position and changes therein. It should be noted that the financial position can also be affected by nonfinancial factors, including economic conditions, population growth and new regulations.

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the village, total assets exceeded liabilities by \$4,373,002 as of December 31, 2018.

The largest portion of the village's net position (approximately 50%) reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The village uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED  
As of and for the Year Ended December 31, 2018

### FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

A summary of the village's Statement of Net Position for 2018 and 2017 is presented in the table below.

#### VILLAGE OF SULLIVAN'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 1,310,633	\$ 1,291,424	\$ 1,321,476	\$ 1,248,411	\$ 2,632,109	\$ 2,539,835
Capital assets	1,796,235	1,850,056	1,058,951	1,127,183	2,855,186	2,977,239
Total Assets	<u>3,106,868</u>	<u>3,141,480</u>	<u>2,380,427</u>	<u>2,375,594</u>	<u>5,487,295</u>	<u>5,517,074</u>
Deferred Outflows of Resources	<u>22,757</u>	<u>28,429</u>	<u>17,476</u>	<u>20,009</u>	<u>40,233</u>	<u>48,438</u>
Long-term liabilities	679,466	718,234	961	3,892	680,427	722,126
Other liabilities	<u>51,102</u>	<u>69,333</u>	<u>7,319</u>	<u>7,276</u>	<u>58,421</u>	<u>76,609</u>
Total Liabilities	<u>730,568</u>	<u>787,567</u>	<u>8,280</u>	<u>11,168</u>	<u>738,848</u>	<u>798,735</u>
Deferred Inflows of Resources	<u>396,516</u>	<u>380,818</u>	<u>19,162</u>	<u>8,685</u>	<u>415,678</u>	<u>389,503</u>
Net Position						
Net investment in capital assets	1,116,769	1,135,124	1,058,951	1,127,183	2,175,720	2,262,307
Restricted	10,030	-	21,984	32,750	32,014	32,750
Unrestricted	<u>875,742</u>	<u>866,400</u>	<u>1,289,526</u>	<u>1,215,817</u>	<u>2,165,268</u>	<u>2,082,217</u>
<b>TOTAL NET POSITION</b>	<u>\$ 2,002,541</u>	<u>\$ 2,001,524</u>	<u>\$ 2,370,461</u>	<u>\$ 2,375,750</u>	<u>\$ 4,373,002</u>	<u>\$ 4,377,274</u>

The majority of the village's net position (approximately 50%) represents net investment in capital assets. An additional portion of the village's net position (approximately 1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligation to citizens and creditors.



## VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED  
As of and for the Year Ended December 31, 2018

### FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

**Analysis of the Village's Operations** – The following table provides a summary of the village's operations for the years ended December 31, 2018 and 2017. Governmental activities increased the village's net position by \$1,017. Business-type activities decreased the village's net position by \$5,289.

#### VILLAGE OF SULLIVAN CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program Revenues						
Charges for services	\$ 114,010	\$ 115,443	\$ 232,029	\$ 232,695	\$ 346,039	\$ 348,138
Operating grants and Contributions	60,666	49,954	-	-	60,666	49,954
Capital grants and Contributions	8,892	8,814	-	-	8,892	8,814
General Revenues						
Property taxes	189,476	198,301	-	-	189,476	198,301
Other taxes - debt service	125,029	103,846	-	-	125,029	103,846
Intergovernmental	53,835	54,099	-	-	53,835	54,099
Investment income	16,050	6,215	18,812	8,343	34,862	14,558
Miscellaneous	31,451	29,072	-	-	31,451	29,072
<b>Total Revenues</b>	<b>599,409</b>	<b>565,744</b>	<b>250,841</b>	<b>241,038</b>	<b>850,250</b>	<b>806,782</b>
<b>Expenses</b>						
General government	178,301	153,588	-	-	178,301	153,588
Public safety	186,193	141,499	-	-	186,193	141,499
Public works	178,345	119,382	-	-	178,345	119,382
Leisure activities	12,710	13,462	-	-	12,710	13,462
Conservation and development	5,846	5,091	-	-	5,846	5,091
Interest and fiscal charges	36,997	37,969	-	-	36,997	37,969
Sewer utility	-	-	256,130	233,372	256,130	233,372
<b>Total Expenses</b>	<b>598,392</b>	<b>470,991</b>	<b>256,130</b>	<b>233,372</b>	<b>854,522</b>	<b>704,363</b>
Increase in net position	1,017	94,753	(5,289)	7,666	(4,272)	102,419
NET POSITION – January 1	2,001,524	1,906,771	2,375,750	2,368,084	4,377,274	4,274,855
<b>NET POSITION – December 31</b>	<b>\$ 2,002,541</b>	<b>\$ 2,001,524</b>	<b>\$ 2,370,461</b>	<b>\$ 2,375,750</b>	<b>\$ 4,373,002</b>	<b>\$ 4,377,274</b>

# VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED  
As of and for the Year Ended December 31, 2018

---

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

---

### ***GOVERNMENTAL FUNDS***

The focus of the village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the village's financing requirements. In particular, assigned and unassigned fund balances may serve as useful measures of the government's net resources available for spending at the end of the fiscal year.

At the end of current fiscal year, the village's governmental funds reported combined ending fund balances of \$891,960. Approximately 93% of this total amount, \$826,958, constitutes assigned fund balance. \$47,407 of the fund balance is committed to indicate that it is not available for new spending because it has already been committed for fire department expenditures. \$17,595 is restricted for debt service. There is no unassigned fund balance.

**General Fund:** The general fund is the main operating fund of the village. The general fund balance increased from \$814,993 to \$826,958, an increase of \$11,965.

**Debt Service Fund:** The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than enterprise debt. The debt service fund balance at year-end is \$17,595.

**Fire Department Fund:** The fire department fund reports the activities of the fire department separate bank accounts. Fund balance at year-end is \$47,407.

### ***PROPRIETARY FUND***

The village's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

**Sewer Utility:** The Sullivan Sewer Utility is an enterprise fund of the village. The operating loss for the year was \$(24,101). Total decrease in net position was \$5,289.

---

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

---

The village budgeted for an \$11,098 decrease in fund balance and the actual result was a \$11,965 increase in fund balance.

## VILLAGE OF SULLIVAN

### MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED As of and for the Year Ended December 31, 2018

---

#### CAPITAL ASSETS

---

At the end of 2018, the village had invested a total of \$2,855,186 in capital assets (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, infrastructure and construction work in progress.

#### CAPITAL ASSETS AT YEAR-END NET OF ACCUMULATED DEPRECIATION

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 4,201	\$ 4,201	\$ 818	\$ 818	\$ 5,019	\$ 5,019
Right-of-way	124,539	124,539	-	-	124,539	124,539
Improvements	13,160	14,172	-	-	13,160	14,172
Buildings	247,450	251,607	-	-	247,450	251,607
Machinery and equipment	297,022	319,079	-	-	297,022	319,079
Infrastructure	1,109,863	1,136,458	-	-	1,109,863	1,136,458
Sewer plant	-	-	1,058,133	1,126,365	1,058,133	1,126,365
Totals	<u>\$ 1,796,235</u>	<u>\$ 1,850,056</u>	<u>\$1,058,951</u>	<u>\$ 1,127,183</u>	<u>\$ 2,855,186</u>	<u>\$ 2,977,239</u>

Additional information on the village's capital assets can be found in Note IV.D. of this report.

---

#### LONG-TERM DEBT

---

During 2018, the village retired debt of \$86,858 and issued debt of \$51,392, resulting in \$679,466 in general obligation debt outstanding bonds at the end of 2018.

Under Wisconsin State Statutes, Chapter 67, the village's aggregate general obligation indebtedness may not exceed 5% of the equalized value of taxable property located in the village. The net amount of debt that is applicable to the statutory limit is \$679,466 which is 29% of the maximum allowed of \$2,356,910.

The business-type activities have no debt outstanding as of December 31, 2018.

## VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED  
As of and for the Year Ended December 31, 2018

---

### **LONG-TERM DEBT** (cont.)

---

#### VILLAGE OF SULLIVAN'S OUTSTANDING LONG-TERM OBLIGATIONS

	Governmental Activities	
	2018	2017
General Obligation Bonds	\$ 135,000	\$ 175,000
State Trust Fund Loan	462,163	489,364
Promissory Notes	<u>82,303</u>	<u>50,568</u>
Total Outstanding Long-Term Obligations	<u>\$ 679,466</u>	<u>\$ 714,932</u>

Additional information on the village's long-term debt can be found in Footnote IV.F. of this report.

---

### **CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS**

---

All currently known facts or economic conditions were considered in preparing this report.

---

### **REQUESTS FOR INFORMATION**

---

The financial report is designed to provide our citizens, customers, investors and creditors with general overview of the village's finances. If you have questions about this report or need any additional information, contact the Village of Sullivan, 500 Madison Avenue (Hwy. 18), Sullivan, WI 53178, Attn: Heather Rupnow, call 262 593 2388, or e-mail [clerk@villageofsullivan.com](mailto:clerk@villageofsullivan.com).

# VILLAGE OF SULLIVAN

## STATEMENT OF NET POSITION As of December 31, 2018

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 936,173	\$ 1,227,963	\$ 2,164,136
Taxes receivable	378,409	-	378,409
Accounts	1,000	55,922	56,922
Accrued interest	-	628	628
Internal balances	(14,979)	14,979	-
Restricted assets			
Restricted cash and investments	-	13,093	13,093
Net pension asset	10,030	8,891	18,921
Capital Assets (net of accumulated depreciation)			
Land	128,740	818	129,558
Other capital assets, net of depreciation	<u>1,667,495</u>	<u>1,058,133</u>	<u>2,725,628</u>
Total Assets	<u>3,106,868</u>	<u>2,380,427</u>	<u>5,487,295</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related amounts	<u>22,757</u>	<u>17,476</u>	<u>40,233</u>
Total Deferred Outflows of Resources	<u>22,757</u>	<u>17,476</u>	<u>40,233</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	51,102	7,319	58,421
Noncurrent Liabilities			
Due within one year	93,600	-	93,600
Due in more than one year	<u>585,866</u>	<u>961</u>	<u>586,827</u>
Total Liabilities	<u>730,568</u>	<u>8,280</u>	<u>738,848</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenues	378,409	-	378,409
Pension related amounts	<u>18,107</u>	<u>19,162</u>	<u>37,269</u>
Total Deferred Inflows of Resources	<u>396,516</u>	<u>19,162</u>	<u>415,678</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	1,116,769	1,058,951	2,175,720
Restricted for			
Net Pension Asset	10,030	8,891	18,921
Equipment	-	13,093	13,093
Unrestricted	<u>875,742</u>	<u>1,289,526</u>	<u>2,165,268</u>
<b>TOTAL NET POSITION</b>	<u>\$ 2,002,541</u>	<u>\$ 2,370,461</u>	<u>\$ 4,373,002</u>

See accompanying notes to financial statements.

# VILLAGE OF SULLIVAN

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 178,301	\$ 3,302	\$ 4,255	\$ -
Public safety	186,193	68,825	23,920	-
Public works	178,345	41,063	32,491	8,892
Culture, recreation and education	12,710	-	-	-
Conservation and development	5,846	820	-	-
Interest and fiscal charges	<u>36,997</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>598,392</u>	<u>114,010</u>	<u>60,666</u>	<u>8,892</u>
Business-type Activities				
Sewer Utility	<u>256,130</u>	<u>232,029</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>256,130</u>	<u>232,029</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 854,522</u>	<u>\$ 346,039</u>	<u>\$ 60,666</u>	<u>\$ 8,892</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Intergovernmental revenues not restricted to specific programs

Investment income

Miscellaneous

Total General Revenues

### Change in Net Position

NET POSITION - Beginning of Year

**NET POSITION - END OF YEAR**

See accompanying notes to financial statements.

---

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (170,744)	\$ -	\$ (170,744)
(93,448)	-	(93,448)
(95,899)	-	(95,899)
(12,710)	-	(12,710)
(5,026)	-	(5,026)
<u>(36,997)</u>	<u>-</u>	<u>(36,997)</u>
<u>(414,824)</u>	<u>-</u>	<u>(414,824)</u>
<u>-</u>	<u>(24,101)</u>	<u>(24,101)</u>
<u>-</u>	<u>(24,101)</u>	<u>(24,101)</u>
<u>(414,824)</u>	<u>(24,101)</u>	<u>(438,925)</u>
189,476	-	189,476
125,029	-	125,029
53,835	-	53,835
16,050	18,812	34,862
<u>31,451</u>	<u>-</u>	<u>31,451</u>
<u>415,841</u>	<u>18,812</u>	<u>434,653</u>
1,017	(5,289)	(4,272)
<u>2,001,524</u>	<u>2,375,750</u>	<u>4,377,274</u>
<u>\$ 2,002,541</u>	<u>\$ 2,370,461</u>	<u>\$ 4,373,002</u>

See accompanying notes to financial statements.

## VILLAGE OF SULLIVAN

### BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2018

	General	Debt Service	Nonmajor Governmental Fund - Fire Department	Totals
<b>ASSETS</b>				
Cash and investments	\$ 871,171	\$ 17,595	\$ 47,407	\$ 936,173
Receivables				
Taxes	251,289	127,120	-	378,409
Accounts	1,000	-	-	1,000
<b>TOTAL ASSETS</b>	<b>\$ 1,123,460</b>	<b>\$ 144,715</b>	<b>\$ 47,407</b>	<b>\$ 1,315,582</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 29,540	\$ -	\$ -	\$ 29,540
Accrued liabilities	694	-	-	694
Due to other funds	14,979	-	-	14,979
Total Liabilities	45,213	-	-	45,213
Deferred Inflows of Resources				
Unearned revenues	251,289	127,120	-	378,409
Total Deferred Inflows of Resources	251,289	127,120	-	378,409
Fund Balances				
Restricted	-	17,595	-	17,595
Committed	-	-	47,407	47,407
Assigned	826,958	-	-	826,958
Total Fund Balances	826,958	17,595	47,407	891,960
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 1,123,460</b>	<b>\$ 144,715</b>	<b>\$ 47,407</b>	<b>\$ 1,315,582</b>

See accompanying notes to financial statements.



## VILLAGE OF SULLIVAN

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2018

---

Total Fund Balances - Governmental Funds	\$ 891,960
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II. A.	1,796,235
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	10,030
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	22,757
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(18,107)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II. A.	<u>(700,334)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 2,002,541</u></u></b>

See accompanying notes to financial statements.

## VILLAGE OF SULLIVAN

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2018

	General	Debt Service	Nonmajor Governmental Fund - Fire Department	Totals
<b>REVENUES</b>				
Taxes	\$ 189,476	\$ 125,029	\$ -	\$ 314,505
Intergovernmental	92,583	8,892	-	101,475
Licenses and permits	20,757	-	-	20,757
Public charges for services	41,063	-	-	41,063
Intergovernmental charges for services	64,300	-	-	64,300
Investment income	15,935	-	115	16,050
Miscellaneous	23,595	-	17,663	41,258
Total Revenues	447,709	133,921	17,778	599,408
<b>EXPENDITURES</b>				
Current				
General government	177,948	-	-	177,948
Public safety	132,689	-	37,180	169,869
Public works	142,223	-	-	142,223
Culture, recreation and education	12,118	-	-	12,118
Conservation and development	5,846	-	-	5,846
Debt Service				
Principal	-	86,858	-	86,858
Interest and fiscal charges	-	38,171	-	38,171
Total Expenditures	470,824	125,029	37,180	633,033
Excess (deficiency) of revenues over expenditures	(23,115)	8,892	(19,402)	(33,625)
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issued	51,392	-	-	51,392
Transfers in	-	-	16,312	16,312
Transfers out	(16,312)	-	-	(16,312)
Total Other Financing Sources (Uses)	35,080	-	16,312	51,392
<b>Net Change in Fund Balances</b>	11,965	8,892	(3,090)	17,767
FUND BALANCES - Beginning of Year	814,993	8,703	50,497	874,193
<b>FUND BALANCES - END OF YEAR</b>	\$ 826,958	\$ 17,595	\$ 47,407	\$ 891,960

See accompanying notes to financial statements.

## VILLAGE OF SULLIVAN

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

---

Net change in fund balances - total governmental funds	\$	17,767
--	----	--------

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Operating expenditures in the fund financial statements that are capitalized in the government-wide financial statements	7,650
Depreciation is reported in the government-wide financial statements	(61,471)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued	(51,392)
Principal repaid	86,858

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued interest and other debt expenses	1,174
Net pension asset/liability	13,332
Deferred outflows of resources related to pensions	(5,672)
Deferred inflows of resources related to pensions	<u>(7,229)</u>

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>1,017</u></b>
--	-----------	---------------------

**VILLAGE OF SULLIVAN**

STATEMENT OF NET POSITION  
 PROPRIETARY FUND  
 As of December 31, 2018

	<u>Sewer Utility</u>
<b>ASSETS</b>	
Current Assets	
Cash and investments	\$ 381,844
Interest receivable	628
Customer accounts receivable	55,922
Due from other funds	14,979
Cash and investments - depreciation account	846,119
Total Current Assets	1,299,492
Noncurrent Assets	
Restricted Assets	
Replacement account	13,093
Net pension asset	8,891
Capital Assets	
Property and equipment	2,254,328
Less: Accumulated depreciation	(1,195,377)
Total Noncurrent Assets	1,080,935
Total Assets	2,380,427
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related amounts	17,476
Total Deferred Outflows of Resources	17,476
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	6,101
Accrued wages	1,218
Total Current Liabilities	7,319
Noncurrent Liabilities	
Compensated absences	961
Total Noncurrent Liabilities	961
Total Liabilities	8,280
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related amounts	19,162
Total Deferred Inflows of Resources	19,162
<b>NET POSITION</b>	
Investment in capital assets	1,058,951
Restricted for	
Equipment replacement	13,093
Net pension asset	8,891
Unrestricted	1,289,526
<b>TOTAL NET POSITION</b>	<b>\$ 2,370,461</b>

See accompanying notes to financial statements.

# VILLAGE OF SULLIVAN

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUND

For the Year Ended December 31, 2018

---

	<u>Sewer Utility</u>
<b>OPERATING REVENUES</b>	
Treatment charges	\$ 226,596
Other	<u>5,433</u>
Total Operating Revenues	<u>232,029</u>
<b>OPERATING EXPENSES</b>	
Operation and maintenance	187,898
Depreciation	<u>68,232</u>
Total Operating Expenses	<u>256,130</u>
Operating Loss	<u>(24,101)</u>
<b>NONOPERATING REVENUES</b>	
Investment Income	<u>18,812</u>
Total Nonoperating Revenues	<u>18,812</u>
<b>Change in Net Position</b>	(5,289)
NET POSITION - Beginning of Year	<u>2,375,750</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 2,370,461</u>

See accompanying notes to financial statements.

# VILLAGE OF SULLIVAN

## STATEMENT OF CASH FLOWS PROPRIETARY FUND For the Year Ended December 31, 2018

	<u>Sewer Utility</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from customers	\$ 232,966
Paid to suppliers for goods and services	(121,971)
Paid to employees for services	<u>(61,938)</u>
Net Cash Flows From Operating Activities	<u>49,057</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investments sold and matured	269,245
Investment income	18,812
Investments purchased	<u>(272,104)</u>
Net Cash Flows From Investing Activities	<u>15,953</u>
<b>Net Change in Cash and Cash Equivalents</b>	65,010
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>903,942</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 968,952</u></u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating loss	\$ (24,101)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities	
Depreciation	68,232
Changes in assets, liabilities, and deferred items	
Accounts receivable	120
Due from other funds	817
Prepaid items	2,758
Accounts payable	(486)
Compensated absences	(22)
Other current liabilities	529
Pension related deferrals and assets/liabilities	<u>1,210</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u><u>\$ 49,057</u></u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>	
Cash and investments	\$ 381,844
Cash and investments - depreciation account	846,119
Restricted cash and investments	<u>13,093</u>
Total Cash and Investments	1,241,056
Less: Noncash equivalents	<u>(272,104)</u>
<b>CASH AND CASH EQUIVALENTS</b>	<u><u>\$ 968,952</u></u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
None.	

See accompanying notes to financial statements.

# VILLAGE OF SULLIVAN

## STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2018

---

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 632,599
Taxes receivable	<u>166,297</u>
<b>TOTAL ASSETS</b>	<u>\$ 798,896</u>
<b>LIABILITIES</b>	
Due to other governments	<u>\$ 798,896</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 798,896</u>

See accompanying notes to financial statements.

# VILLAGE OF SULLIVAN

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

<b>NOTE</b>	<b>Page</b>
I Summary of Significant Accounting Policies	13
A. Reporting Entity	13
B. Government-Wide and Fund Financial Statements	13
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	15
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	16
1. Deposits and Investments	16
2. Receivables	18
3. Restricted Assets	18
4. Capital Assets	19
5. Deferred Outflows of Resources	19
6. Compensated Absences	20
7. Long-Term Obligations	20
8. Deferred Inflows of Resources	20
9. Equity Classifications	21
10. Pension	22
11. Basis for Existing Rates	22
II Reconciliation of Government-Wide and Fund Financial Statements	23
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position	23
III Stewardship, Compliance, and Accountability	23
A. Budgetary Information	23
B. Excess Expenditures Over Appropriations	23
C. Limitations on the Village's Tax Levy	24
IV Detailed Notes on All Funds	24
A. Deposits and Investments	24
B. Receivables	25
C. Restricted Assets	26
D. Capital Assets	26
E. Interfund Receivables/Payables and Transfers	28
F. Long-Term Obligations	29
G. Net Position/Fund Balances	31
V Other Information	32
A. Employees' Retirement System	32
B. Risk Management	38
C. Commitments and Contingencies	38
D. Effect of New Accounting Standards on Current-Period Financial Statements	39



# VILLAGE OF SULLIVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

---

The accounting policies of the Village of Sullivan, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

#### ***A. REPORTING ENTITY***

This report includes all of the funds of the village. The reporting entity for the village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The village has not identified any organizations that meet this criteria.

#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS***

##### ***Government-Wide Financial Statements***

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The village does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

##### ***Fund Financial Statements***

Financial statements of the village are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

# VILLAGE OF SULLIVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

##### ***Fund Financial Statements (cont.)***

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the village or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the village believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The village reports the following major governmental funds:

- General Fund - accounts for the village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- General Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than enterprise debt.

The village reports the following major enterprise fund:

- Sewer Utility - accounts for operations of the sewer system

The village reports the following nonmajor governmental fund:

- Special Revenue Fund - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

- Fire Department

# VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

---

## **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

#### ***Fund Financial Statements (cont.)***

In addition, the village reports the following fund type:

Agency Funds - used to account for and report assets held by the village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Collection Fund  
Fire Donations Fund

### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION***

#### ***Government-Wide Financial Statements***

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the village's sewer and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

#### ***Fund Financial Statements***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

# VILLAGE OF SULLIVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)***

##### ***Fund Financial Statements (cont.)***

Intergovernmental aids and grants are recognized as revenues in the period the village is entitled the resources and the amounts are available. Amounts owed to the village which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer utility are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

##### ***All Financial Statements***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY***

##### ***1. Deposits and Investments***

For purposes of the statement of cash flows, the village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of village funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company.

# VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

---

## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

#### ***1. Deposits and Investments (cont.)***

- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The village has adopted an investment policy. That policy follows the state statute for allowable investments.

No policy exists for the following risks:

- Credit risk
- Custodial credit risk

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. The village does not have any investments subject to fair value. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2018, the fair value of the village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

# VILLAGE OF SULLIVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### *D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)*

##### **2. Receivables**

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the village, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of assets and liabilities - agency funds.

Property tax calendar - 2018 tax roll:

Lien date and levy date	December 2018
Tax bills mailed	December 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	July 31, 2019
Personal property taxes in full	January 31, 2019
Tax sale - 2018 delinquent real estate taxes	October 2021

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the sewer utility because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

##### **3. Restricted Assets**

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

# VILLAGE OF SULLIVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***4. Capital Assets***

###### ***Government-Wide Statements***

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$25,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	85 Years
Land Improvements	25-50 Years
Machinery and Equipment	10-20 Years
Infrastructure	25-100 Years

###### ***Fund Financial Statements***

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

##### ***5. Deferred Outflows of Resources***

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

# VILLAGE OF SULLIVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***6. Compensated Absences***

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2018, are determined on the basis of current salary rates and include salary related payments.

##### ***7. Long-Term Obligations***

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

##### ***8. Deferred Inflows of Resources***

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.



# VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

---

## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

### *D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)*

#### **9. Equity Classifications**

##### ***Government-Wide Statements***

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the village's policy to use restricted resources first, then unrestricted resources as they are needed.

##### ***Fund Statements***

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.

# VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

---

## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

#### ***9. Equity Classifications (cont.)***

##### ***Fund Statements (cont.)***

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Board may take official action to assign amounts. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

See Note IV. G. for further information.

#### ***10. Pension***

For purposes of measuring the net pension (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### ***11. Basis for Existing Rates***

##### ***Sewer Utility***

Current sewer rates were approved by the village board on December 6, 2012 and made effective starting the first quarter of 2013. The charge is \$150 per quarter per Residential Equivalency Charge.

# VILLAGE OF SULLIVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

### NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

---

#### *A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION*

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. The details of this reconciliation include the following items.

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Land	\$	4,201
Right of Way		124,539
Buildings		357,620
Machinery and equipment		880,109
Land improvements		25,305
Infrastructure		1,375,657
Less: Accumulated depreciation		<u>(971,196)</u>
Combined Adjustment for Capital Assets	\$	<u>1,796,235</u>

Long-term liabilities applicable to the village's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net position.

Bonds and notes payable	\$	679,466
Accrued interest		<u>20,868</u>
Combined Adjustment for Long-Term Liabilities	\$	<u>700,334</u>

---

### NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

---

#### *A. BUDGETARY INFORMATION*

A budget has been adopted for the the general fund and debt service fund. A budget has not been formally adopted for the fire department fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

#### *B. EXCESS EXPENDITURES OVER APPROPRIATIONS*

The village controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the village's year-end budget to actual report.

# VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

## **NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)**

### **C. LIMITATIONS ON THE VILLAGE'S TAX LEVY**

Wisconsin law limits the village's future tax levies. Generally the village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the village's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

## **NOTE IV - DETAILED NOTES ON ALL FUNDS**

### **A. DEPOSITS AND INVESTMENTS**

The village's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Demand deposits	\$ 1,216,697	\$ 993,941	Custodial credit
Certificates of deposit	272,104	272,388	Custodial credit
LGIP	1,321,027	1,321,025	Credit
 Total Deposits and Investments	 \$ 2,809,828	 \$ 2,587,354	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 2,164,136		
Restricted cash and investments	13,093		
Per statement of assets and liabilities -			
agency funds			
Agency Funds	632,599		
 Total Deposits and Investments	 \$ 2,809,828		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

**VILLAGE OF SULLIVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

---

**NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

---

**A. DEPOSITS AND INVESTMENTS (cont.)**

***Custodial Credit Risk***

**Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the village's deposits may not be returned to the village.

The village does not have any deposits exposed to custodial credit risk.

***Credit Risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The village had investments in the external Wisconsin Local Government Investment Pool which is not rated.

See Note I.D.1. for further information on deposit and investment policies.

**B. RECEIVABLES**

All of the receivables on the balance sheet are expected to be collected within one year.

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>
Property taxes receivable for subsequent year	\$ 316,986
Special charges on the tax roll	<u>61,423</u>
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 378,409</u>

# VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

## NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

### C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

#### **Equipment Replacement Account**

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Following is a list of restricted assets at December 31, 2018:

Restricted Assets	
Replacement account	\$ 13,093
Net pension asset	<u>18,921</u>
Total Restricted Assets	<u><u>\$ 32,014</u></u>

### D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 4,201	\$ -	\$ -	\$ 4,201
Right of way	<u>124,539</u>	<u>-</u>	<u>-</u>	<u>124,539</u>
Total Capital Assets Not Being Depreciated	<u>128,740</u>	<u>-</u>	<u>-</u>	<u>128,740</u>
Capital assets being depreciated				
Land Improvements	25,305	-	-	25,305
Buildings	357,620	-	-	357,620
Machinery and equipment	872,459	7,650	-	880,109
Streets	1,085,646	-	-	1,085,646
Sidewalks	56,395	-	-	56,395
Storm sewer	<u>233,616</u>	<u>-</u>	<u>-</u>	<u>233,616</u>
Total Capital Assets Being Depreciated	<u>2,631,041</u>	<u>7,650</u>	<u>-</u>	<u>2,638,691</u>
Total Capital Assets	<u>2,759,781</u>	<u>7,650</u>	<u>-</u>	<u>2,767,431</u>

## VILLAGE OF SULLIVAN

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

#### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

#### D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities (cont.)</b>				
Less: Accumulated depreciation for				
Land Improvements	\$ (11,133)	\$ (1,012)	\$ -	\$ (12,145)
Buildings	(106,013)	(4,157)	-	(110,170)
Machinery and equipment	(553,380)	(29,707)	-	(583,087)
Streets	(181,993)	(20,795)	-	(202,788)
Sidewalks	(12,408)	(1,128)	-	(13,536)
Storm sewer	(44,798)	(4,672)	-	(49,470)
Total Accumulated Depreciation	(909,725)	(61,471)	-	(971,196)
Net Capital Assets Being Depreciated	1,721,316	(53,821)	-	1,667,495
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 1,850,056	\$ (53,821)	\$ -	\$ 1,796,235

Depreciation expense was charged to functions as follows:

#### Governmental Activities

General government	\$ 1,457
Public safety	23,974
Public works	35,448
Culture, recreation and education	592
Total Governmental Activities Depreciation Expense	\$ 61,471

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type Activities</b>				
Capital assets not being depreciated				
Land	\$ 818	\$ -	\$ -	\$ 818
Total Capital Assets Not Being depreciated	818	-	-	818
Capital assets being depreciated				
Collecting system	603,719	-	-	603,719
Collecting system pumping	398,795	-	-	398,795
Treatment and disposal	1,148,805	-	-	1,148,805
General	102,191	-	-	102,191
Total Capital Assets Being Depreciated	2,253,510	-	-	2,253,510
Total Capital Assets	2,254,328	-	-	2,254,328

**VILLAGE OF SULLIVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

**NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type Activities (cont.)</b>				
Less: Accumulated depreciation for Sewer	\$ (1,127,145)	\$ (68,232)	\$ -	\$ (1,195,377)
Total Accumulated Depreciation	(1,127,145)	(68,232)	-	(1,195,377)
Net Capital Assets Being Depreciated	1,126,365	(68,232)	-	1,058,133
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 1,127,183	\$ (68,232)	\$ -	\$ 1,058,951

Depreciation expense was charged to functions as follows:

<b>Business-type Activities</b>	
Sewer	\$ <u>68,232</u>
Total Business-type Activities Depreciation Expense	\$ <u>68,232</u>

**E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS**

**Interfund Receivables/Payables**

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
Sewer utility	General fund	\$ <u>14,979</u>
Total		\$ <u>14,979</u>

All amounts are due within one year.

The principal purpose of these interfunds is for amounts placed on the tax roll and payroll items.



# VILLAGE OF SULLIVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

#### *E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)*

##### **Transfers**

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Fire	General	\$ 16,312	Uniform allowances and reimbursement of capital purchases
Total - Fund Financial Statements		16,312	
Less: Fund eliminations		(16,312)	
Total Transfers - Government-Wide Statement of Activities		\$ -	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

#### **F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 714,932	\$ 51,392	\$ 86,858	\$ 679,466	\$ 93,600
Sub-totals	<u>714,932</u>	<u>51,392</u>	<u>86,858</u>	<u>679,466</u>	<u>93,600</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 714,932</u>	<u>\$ 51,392</u>	<u>\$ 86,858</u>	<u>\$ 679,466</u>	<u>\$ 93,600</u>
<b>Business-type Activities</b>					
Other Liabilities					
Vested compensated absences	\$ 983	\$ -	\$ 22	\$ 961	\$ -
Total Other Liabilities	<u>983</u>	<u>-</u>	<u>22</u>	<u>961</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 983</u>	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ 961</u>	<u>\$ -</u>

## VILLAGE OF SULLIVAN

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

#### **NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)**

#### **F. LONG-TERM OBLIGATIONS (cont.)**

In accordance with Wisconsin Statutes, total general obligation indebtedness of the village may not exceed 5% of the equalized value of taxable property within the village's jurisdiction. The debt limit as of December 31, 2018, was \$2,356,910. Total general obligation debt outstanding at year end was \$679,466.

#### **General Obligation Debt**

All general obligation notes and bonds payable are backed by the full faith and credit of the village. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund.

#### **Governmental Activities**

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2018</u>
2001 G.O. Debt	05/01/01	05/01/21	4.70-5.40%	\$ 605,000	\$ 135,000
2010 State Trust Fund Loan	08/26/10	03/15/30	5.25%	660,000	462,163
2016 Promissory Note	11/17/16	11/17/23	2.17%	60,575	40,568
2018 Promissory Note	03/05/18	6/15/23	2.15%	51,392	<u>41,735</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 679,466</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 93,600	\$ 32,893
2020	95,040	28,376
2021	96,681	23,660
2022	55,201	23,052
2023	35,696	17,765
2024-2028	205,245	59,220
2029-2030	<u>98,003</u>	<u>7,783</u>
Totals	<u>\$ 679,466</u>	<u>\$ 192,749</u>

# VILLAGE OF SULLIVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

#### G. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2018, includes the following:

##### **Governmental Activities**

Net Investment in Capital Assets	
Land	\$ 4,201
Right of way	124,539
Other capital assets, net of accumulated depreciation	1,667,495
Less: Long-term debt outstanding	<u>(679,466)</u>
 Total Net Investment in Capital Assets	 <u><u>\$ 1,116,769</u></u>

##### **Governmental Funds**

Governmental fund balances reported on the fund financial statements at December 31, 2018, include the following:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Fund - Fire Department</u>	<u>Totals</u>
<b>Fund Balances</b>				
<b>Restricted for:</b>				
Debt service	\$ -	\$ 17,595	\$ -	\$ 17,595
Sub-total	<u>-</u>	<u>17,595</u>	<u>-</u>	<u>17,595</u>
<b>Committed to:</b>				
Fire department expenditures	-	-	47,407	47,407
Sub-total	<u>-</u>	<u>-</u>	<u>47,407</u>	<u>47,407</u>
<b>Assigned to:</b>				
Future capital projects	836,907	-	-	836,907
Subsequent year's budget	10,881	-	-	10,881
Reduction to available fund	<u>(20,830)</u>	<u>-</u>	<u>-</u>	<u>(20,830)</u>
Sub-total	<u>826,958</u>	<u>-</u>	<u>-</u>	<u>826,958</u>
 <b>Total Fund Balances</b>	 <u><u>\$ 826,958</u></u>	 <u><u>\$ 17,595</u></u>	 <u><u>\$ 47,407</u></u>	 <u><u>\$ 891,960</u></u>

# VILLAGE OF SULLIVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

### NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

---

#### G. NET POSITION/FUND BALANCES (cont.)

##### *Business-type Activities*

Net Investment in Capital Assets	
Land	\$ 818
Other capital assets, net of accumulated depreciation	<u>1,058,133</u>
Total Net Investment in Capital Assets	<u>1,058,951</u>
Restricted	
Equipment replacement	13,093
Net pension asset	<u>8,891</u>
Total Restricted	<u>21,984</u>
Unrestricted	<u>1,289,526</u>
Total Business-type Activities Net Position	<u><u>\$ 2,370,461</u></u>

---

### NOTE V - OTHER INFORMATION

---

#### A. EMPLOYEES' RETIREMENT SYSTEM

**Plan description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

**Vesting.** For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before 12/31/2016) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

# VILLAGE OF SULLIVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

### NOTE V - OTHER INFORMATION (cont.)

---

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

**Post-retirement adjustments.** The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2008	6.6%	0%
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4.0

# VILLAGE OF SULLIVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

### NOTE V - OTHER INFORMATION (cont.)

---

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$6,374 in contributions from the village.

Contribution rates for the plan year reported as of December 31, 2018 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

#### ***Pension liability (asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2018, the village reported a asset of \$18,921 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The village's proportion of the net pension asset was based on the village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the village's proportion was 0.00063730%, which was a decrease of 0.00011623% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the village recognized pension expense of \$7,154.

## VILLAGE OF SULLIVAN

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

#### **NOTE V - OTHER INFORMATION** (cont.)

##### **A. EMPLOYEES' RETIREMENT SYSTEM** (cont.)

At December 31, 2018, the village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,040	\$ 11,245
Changes in assumptions	3,738	-
Net differences between projected and actual earnings on pension plan investments	-	26,007
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,302	17
Employer contributions subsequent to the measurement date	9,153	-
Totals	\$ 40,233	\$ 37,269

\$9,153 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2019	\$ 3,093
2020	886
2021	(5,733)
2022	(4,482)
2023	47

# VILLAGE OF SULLIVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

### NOTE V - OTHER INFORMATION (cont.)

---

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Actuarial assumptions.** The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset):	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

*\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.



## VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

### NOTE V - OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Long-term expected return on plan assets.** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50%	8.2%	5.3%
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
 <u>Variable Fund Asset Class</u>			
U.S Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

**Single discount rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

## NOTE V - OTHER INFORMATION (cont.)

### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Sensitivity of the village's proportionate share of the net pension liability (asset) to changes in the discount rate.** The following presents the village's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the village's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Village's proportionate share of the net pension (asset)/liability	\$48,957	\$(18,921)	\$(70,512)

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

At December 31, 2018, the village reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

### B. RISK MANAGEMENT

The village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

### C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

The village has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

# VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

---

## **NOTE V - OTHER INFORMATION** (cont.)

---

### ***D. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS***

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 87, *Leases*
- > Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

When they become effective, application of these standards may restate portions of these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

## VILLAGE OF SULLIVAN

### DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
<b>TAXES</b>			
General property taxes	\$ 189,476	\$ 189,476	\$ -
<b>INTERGOVERNMENTAL REVENUES</b>			
State shared revenues	53,117	53,117	-
Fire insurance tax (2% fire dues)	5,900	6,257	357
Exempt computer aid	718	718	-
State aid - road allotment	30,241	30,321	80
DNR - in lieu of taxes	80	-	(80)
County aid - highway	2,000	-	(2,000)
State aid - recycling	2,200	2,170	(30)
Total Intergovernmental Revenues	<u>94,256</u>	<u>92,583</u>	<u>(1,673)</u>
<b>LICENSES AND PERMITS</b>			
Liquor and malt beverage licenses	2,050	2,256	206
Business and occupational licenses	950	820	(130)
Dog and cat licenses	650	626	(24)
Building permits	3,000	4,525	1,525
Other permits	-	270	270
Cable television franchise fees	11,900	12,110	210
Zoning permits and fees	100	150	50
Total Licenses and Permits	<u>18,650</u>	<u>20,757</u>	<u>2,107</u>
<b>PUBLIC CHARGES FOR SERVICES</b>			
Recycling	<u>39,500</u>	<u>41,063</u>	<u>1,563</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>			
Local - fire services	<u>64,300</u>	<u>64,300</u>	<u>-</u>
<b>INVESTMENT INCOME</b>			
Interest on investments	<u>3,000</u>	<u>15,935</u>	<u>12,935</u>
<b>MISCELLANEOUS REVENUES</b>			
Rent	2,700	4,255	1,555
Sprint lease agreement	17,280	17,280	-
Other miscellaneous	-	2,060	2,060
Total Miscellaneous Revenues	<u>19,980</u>	<u>23,595</u>	<u>3,615</u>
Total Revenues	<u>429,162</u>	<u>447,709</u>	<u>18,547</u>

See independent auditors' report and accompanying notes to required supplementary information.

## VILLAGE OF SULLIVAN

### DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
<b>EXPENDITURES</b>			
<b>GENERAL GOVERNMENT</b>			
Council/Board	\$ 11,065	\$ 11,027	\$ 38
Village President	3,768	3,500	268
Clerk - Treasurer	36,420	36,697	(277)
Clerk - Treasurer assistant	13,800	41,112	(27,312)
Assessment of property	6,050	4,866	1,184
Zoning and appeals board	2,410	764	1,646
Special accounting and auditing	13,065	5,068	7,997
Legal	5,000	2,244	2,756
Municipal building	34,838	36,790	(1,952)
Printing and postage	3,000	2,873	127
Maps and playbooks	50	-	50
Property and liability insurance	7,926	9,256	(1,330)
Elections	7,000	5,150	1,850
Mileage and per diem	900	475	425
General administration	2,170	2,243	(73)
Other insurance	18,511	15,883	2,628
Total General Government	165,973	177,948	(11,975)
<b>PUBLIC SAFETY</b>			
Fire protection	94,033	59,446	34,587
Ambulance	22,165	69,152	(46,987)
Building inspection	2,300	4,059	(1,759)
Emergency government	500	32	468
Total Public Safety	118,998	132,689	(13,691)
<b>PUBLIC WORKS</b>			
Machinery and equipment	18,522	4,771	13,751
Garages and sheds	1,990	1,065	925
Street maintenance	7,400	63,741	(56,341)
Street replacement	21,500	-	21,500
Snow and ice control	21,100	17,728	3,372
Street lighting	11,500	13,279	(1,779)
Refuse and garbage collection	25,000	23,561	1,439
Recycling	13,765	14,278	(513)
Storm sewers	5,000	3,800	1,200
Total Public Works	125,777	142,223	(16,446)
<b>LEISURE ACTIVITIES</b>			
Parks	15,025	12,118	2,907
Recreation administration	250	-	250
Total Leisure Activities	15,275	12,118	3,157

See independent auditors' report and accompanying notes to required supplementary information.

## VILLAGE OF SULLIVAN

### DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance with Final Budget
<b>CONSERVATION AND DEVELOPMENT</b>			
Conservation and development	\$ 2,229	\$ 1,895	\$ 334
Weed control	<u>4,000</u>	<u>3,951</u>	<u>49</u>
Total Conservation and Development	<u>6,229</u>	<u>5,846</u>	<u>383</u>
Total Expenditures	<u>432,252</u>	<u>470,824</u>	<u>(38,572)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,090)</u>	<u>(23,115)</u>	<u>(20,025)</u>
 <b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(17,000)	(16,312)	688
Debt issued	<u>8,992</u>	<u>51,392</u>	<u>42,400</u>
Total Other Financing Sources (Uses)	<u>(8,008)</u>	<u>35,080</u>	<u>43,088</u>
<b>Net Change in Fund Balance</b>	(11,098)	11,965	23,063
FUND BALANCE - Beginning of Year	<u>751,423</u>	<u>814,993</u>	<u>63,570</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 740,325</u></u>	<u><u>\$ 826,958</u></u>	<u><u>\$ 86,633</u></u>

See independent auditors' report and accompanying notes to required supplementary information.

**VILLAGE OF SULLIVAN**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY -  
WISCONSIN RETIREMENT SYSTEM  
For the Year Ended December 31, 2018

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension (Asset)/Liability</u>	<u>Proportionate Share of the Net Pension (Asset)/Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension (Asset)/ Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/18	0.00063730%	\$ (18,921)	\$ 93,738	20.18%	102.93%
12/31/17	0.00075353%	6,211	93,995	6.61%	99.12%
12/31/16	0.00083578%	13,581	89,631	15.15%	98.20%
12/31/15	0.00093010%	(22,841)	136,473	16.74%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM  
For the Year Ended December 31, 2018

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/18	\$ 9,153	\$ 9,153	\$ -	\$ 137,090	6.68%
12/31/17	6,374	6,374	-	93,738	6.80%
12/31/16	6,203	6,203	-	93,995	6.60%
12/31/15	6,095	6,095	-	89,631	6.80%

See independent auditors' report and accompanying notes to the required supplementary information.



# VILLAGE OF SULLIVAN

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2018

---

### ***BUDGETARY INFORMATION***

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

The budgeted amounts presented are as presented in the original budget and no amendments were adopted during the year. The village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

### ***WISCONSIN RETIREMENT SYSTEM***

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

The village is required to present the last ten years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

*Changes in assumptions.* There were no changes in assumptions.

**SUPPLEMENTARY INFORMATION**

# VILLAGE OF SULLIVAN

## COMBINING STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2018

---

	<u>Tax Collection Fund</u>	<u>Fire Donation Fund</u>	<u>Agency Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 622,093	\$ 10,506	\$ 632,599
Taxes receivable	<u>166,297</u>	<u>-</u>	<u>166,297</u>
TOTAL ASSETS	<u>\$ 788,390</u>	<u>\$ 10,506</u>	<u>\$ 798,896</u>
<b>LIABILITIES</b>			
Due to other governments	\$ 788,390	\$ 10,506	\$ 798,896
TOTAL LIABILITIES	<u>\$ 788,390</u>	<u>\$ 10,506</u>	<u>\$ 798,896</u>